

109TH CONGRESS  
1ST SESSION

# H. R. 4511

To amend the Internal Revenue Code of 1986 to allow the use of flexible spending and health reimbursement arrangements in combination with health savings accounts, and for other purposes.

---

## IN THE HOUSE OF REPRESENTATIVES

DECEMBER 13, 2005

Mr. CANTOR (for himself and Mr. BURGESS) introduced the following bill;  
which was referred to the Committee on Ways and Means

---

## A BILL

To amend the Internal Revenue Code of 1986 to allow the use of flexible spending and health reimbursement arrangements in combination with health savings accounts, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Flex Health Savings  
5 Accounts Act of 2005”.

1 **SEC. 2. HEALTH REIMBURSEMENT ARRANGEMENTS AND**  
 2 **SPENDING ARRANGEMENTS IN COMBINATION**  
 3 **WITH HEALTH SAVINGS ACCOUNTS.**

4 (a) IN GENERAL.—Subparagraph (B) of section  
 5 223(c)(1) of the Internal Revenue Code of 1986 (relating  
 6 to certain coverage disregarded) is amended by striking  
 7 “and” at the end of clause (i), by striking the period at  
 8 the end of clause (ii) and inserting “, and”, and by insert-  
 9 ing after clause (ii) the following new clause:

10 “(iii) coverage under a flexible spend-  
 11 ing arrangement or a health reimburse-  
 12 ment arrangement, or both, which meets  
 13 the requirements of paragraph (6).”.

14 (b) COMBINATION HEALTH REIMBURSEMENT, SAV-  
 15 INGS, AND SPENDING ARRANGEMENTS.—Subsection (c) of  
 16 section 223 of such Code (relating to definitions and spe-  
 17 cial rules) is amended by adding at the end the following  
 18 new paragraph:

19 “(6) COMBINED LIMIT FOR CONTRIBUTIONS OR  
 20 CREDITS TO HEALTH REIMBURSEMENT, ARRANGE-  
 21 MENTS AND SPENDING ARRANGEMENTS.—

22 “(A) IN GENERAL.—In the case of cov-  
 23 erage under a flexible spending arrangement or  
 24 a health reimbursement arrangement, or both,  
 25 such coverage meets the requirements of this  
 26 paragraph if the amount determined under sub-

1 paragraph (B) for a taxable year does not ex-  
2 ceed the amounts specified under paragraph  
3 (2)(A)(ii), reduced by the maximum amount  
4 available under subsection (b)(2)(A) or (B),  
5 whichever are applicable.

6 “(B) AMOUNT.—For purposes of subpara-  
7 graph (A), the amount determined under this  
8 subparagraph for a taxable year is the sum  
9 of—

10 “(i) the salary reduction amount elect-  
11 ed by the individual and, if applicable, the  
12 employer contribution or credit allocated to  
13 the individual for the taxable year under  
14 the flexible spending arrangement (as de-  
15 fined in section 106(c)(2)), plus

16 “(ii) the amounts that the individual  
17 is permitted, under the terms of the plan,  
18 to receive in reimbursements for the tax-  
19 able year under the health reimbursement  
20 arrangement.

21 “(C) EXCEPTIONS FOR DISREGARDED COV-  
22 ERAGE.—For purposes of subparagraph (A)—

23 “(i) CERTAIN FLEXIBLE SPENDING  
24 ARRANGEMENTS.—Any flexible spending  
25 arrangement salary reduction amounts or

1 employer contributions or credits that are  
 2 restricted by the employer to use for cov-  
 3 erage described in paragraph (1)(B) shall  
 4 not be taken into account under subpara-  
 5 graph (B).

6 “(ii) CERTAIN HEALTH REIMBURSE-  
 7 MENT ARRANGEMENTS.—Any reimburse-  
 8 ments from a health reimbursement ar-  
 9 rangement for coverage described in para-  
 10 graph (1)(B) shall not be taken into ac-  
 11 count under subparagraph (B).”.

12 (c) EFFECTIVE DATE.—The amendments made by  
 13 this section shall apply to taxable years beginning after  
 14 December 31, 2005.

15 **SEC. 3. INCREASE IN MONTHLY LIMITATIONS FOR CON-**  
 16 **TRIBUTIONS TO HEALTH SAVINGS AC-**  
 17 **COUNTS.**

18 (a) IN GENERAL.—Paragraph (2) of section 223(b)  
 19 of the Internal Revenue Code of 1986 (relating to monthly  
 20 limitation) is amended to read as follows:

21 “(2) MONTHLY LIMITATION.—The monthly lim-  
 22 itation for any month is  $\frac{1}{12}$  of—

23 “(A) in the case of an eligible individual  
 24 who has self-only coverage under a high deduct-

1           ible health plan as of the first day of such  
2           month, \$2,250, and

3                   “(B) in the case of an eligible individual  
4           who has family coverage under a high deduct-  
5           ible health plan as of the first day of such  
6           month, \$4,500.”.

7           (b) EFFECTIVE DATE.—The amendment made by  
8   subsection (a) shall apply to taxable years beginning after  
9   December 31, 2005.

○